ADDENDUM

An Application for An
Idaho Community Development Block Grant

By the

Jim Martin, Mayor
City of Priest River

City of Priest River
OFFICE OF THE CITY CLERK
P.O. Box 415
Priest River, Idaho 83856
(208) 448-2123
Fax (208) 448-2232

March 3, 2009

Mr. Donald Dietrich, Director
Idaho Department of Commerce
PO Box 83720
Boise, ID 83720-0093

RE: Priest River Water System Improvements

Dear Director Dietrich:

Thank you for the invitation to submit an addendum for our Idaho Community Development Block Grant for engineering and grant administration fees associated with water system improvements. The information contained in the Addendum addresses the items in your invitation letter of January 20, 2009.

The November 2008 ICDBG Application proposed improvements to implement the water system under Phase 1. Although the voters had approved a $3,680,000 bond for the water system improvement priorities as identified in the Water System Master Plan, the project had to be broken down into phases due to the lack of available funds from USDA Rural Development (USDA RD).

On January 30, 2009 the City of Priest River was notified by USDA RD that economic stimulus funds may be available for this project under the American Recovery & Reinvestment Act, and if awarded, USDA RD will increase the loan to the full bond amount plus increase the grant by $1,077,000. With preliminary approval by Idaho Department of Commerce staff our ICDBG request has been increased by $70,830 (to the threshold of $500,000) to complete the project. As a result of the proposed increase in project scope and costs, the City has also increased their commitment to $100,000. The additional funds will eliminate phasing of the water system improvements.

It is expected that award of the full amount by USDA RD will occur within the next 30 days after submission of this addendum. The budget, scope of work and schedule have been amended assuming receipt of the stimulus funds. If the stimulus funds are not received, only the improvements identified as Phase 1 in this Addendum will be completed.

Thank you for your attention and consideration of our grant request.

Sincerely,

Jim Martin
Mayor

Cc: Timothy Komberec, Region I EAC Member
CJ Buck, EAC At-Large Member

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APPENDICES:

I. ICDBG Application Information Form

Applicant: City of Priest River Chief Elected Official: Jim Martin, Mayor
Address: PO Box 415, Priest River, ID 83856 Phone: 208-448-2123

Application Prepared by: Nancy Mabile, Panhandle Area Council Phone: 208-772-0584, x3014
Address: 11100 N. Airport Drive, Hayden, ID 83835

Engineer: Philip Boyd, PE, Welch, Comer & Associates Phone: 208-664-9382
Address: 350 E. Kathleen Avenue, Coeur d'Alene, ID 83815

National Objective

☒ LMI Area ☐ LMI Clientele
☐ LMI Jobs ☐ Slum & Blight
☐ Imminent Threat

Project Type

☒ Public Facility/Housing ☐ Community Center
☐ Economic Development ☐ Senior Center
☐ Imminent Threat

Project Population to Benefit (Persons):

Total # to Benefit: 1,754 Total # LMI to Benefit: 925
% LMI to Benefit: 52.73 % % Minority Population: 6.9 %

Project Description:

The ICDBG will fund certified grant administration and engineering professional services to support construction of infrastructure improvements to the City's water system including source, storage and distribution.

SOURCE	AMOUNT	DATE APPLICATION SUBMITTED	RESERVED/ CONDITIONAL AWARD	FUNDS COMMITTED/ CONTRACT AWARD DATE	DOCUMENTS IN APPENDIX ***
ICDBG	**$500,000**				
Local Cash	$100,000			11/17/08	Cover Letter
Local Loan*	$3,680,000	7/18/08	03/09	03/09	A
Local In-Kind**	$39,743			11/07 – 11/08	E (11/08 App.)
USDA RD Grant	$1,577,000	7/18/08	03/09	03/09	A
EDA Grant					
State Grant					
Foundation Grant					
Private Investment					
Other					
TOTAL PROJECT FINANCING	**$5,896,743**				

* Identify Loan Source(s): USDA RD Date Bond or Necessary & Ordinary Passed: 5/27/08

** Describe In-Kind match by type (i.e., materials, labor, waived fees, land value) and amount.

*** Identify which appendix corresponding documentation is in. Documentation should be a letter from the appropriate source.

II. ICDBG Budget Form

Applicant/Grantee:	**Project Name**:
City of Priest River	Water System Improvements

Phase 1 – No Stimulus								Phases 1 & 2
Line Items	**ICDBG Cash**	**City Cash**	**USDA RD Loan**	**USDA RD Grant**	**SUBTOTAL**	**CITY Previous Expendi-tures**	**TOTAL**	**TOTAL PHASE 1 & 2**
Administrative	$39,000				$39,000		**$39,000**	**$40,000**
Land, Structures, Rights of Way		$5,000			$5,000		**$5,000**	**$12,500**
Engineering	$390,170	$80,100			$470,270		**$470,270**	**$1,027,350**
Construction			$2,295,000	$500,000	$2,795,000	$39,743	**$2,834,743**	**$4,565,893**
Legal (bond)			$15,000		$15,000		**$15,000**	**$15,000**
Interim Financing			$190,000		$190,000		**$190,000**	**$236,000**
TOTAL COSTS	**$429,170**	**$85,100**	**$2,500,000**	**$500,000**	**$3,514,270**	**$39,743**	**$3,554,013**	**$5,896,743**
Phase 2 – Additional Funding (Stimulus)								
Administrative	$1,000				**$1,000**		**$1,000**	
Land, Structures, Rights of Way			$7,500		**$7,500**		**$7,500**	
Engineering	$69,830	$14,900	$472,350		**$557,080**		**$557,080**	
Construction			$654,150	$1,077,000	**$1,731,150**		**$1,731,150**	
Interim Financing			$46,000		**$46,000**		**$46,000**	
TOTAL COSTS	**$70,830**	**$14,900**	**$1,180,000**	**$1,077,000**	**$2,342,730**	**$0**	**$2,342,730**	
TOTAL PROJECT	**$500,000**	**$100,000**	**$3,680,000**	**$1,577,000**	**$5,857,000**	**$39,743**	**$5,896,743**	

III. Economic Advisory Council

The water system for the City of Priest River has an inadequate source of supply and quality, insufficient fire flow in areas throughout the City, insufficient pressure to the north side of the City and deficient storage capacity. The 2007 Water System Master Plan identifies numerous problems in the areas of pressure and fire flow as a result of leaks and undersized lines; water quality as a result of the water source; and storage due to the inability to provide proactive and routine maintenance and adequate fire flow as a result of the lack of additional capacity. Furthermore, the distribution main attached to the Priest River Bridge is sagging, and could be easily taken out by a log jam or high water event.

The surface water intake is susceptible to high sediment loads due to its proximity to the confluence of the Priest and Pend Oreille Rivers. The high sediment load can partially or completely bind the intake structure, diminishing the available water supply. Additionally, in the spring of 2008 the City of Sandpoint lost a considerable amount of partially treated sewage into the Pend Oreille River. The City of Priest River, with their intake located in the Pend Oreille River was not notified of the accident until four (4) days after the occurrence. Issue arose again when Bonner County treated the river for Milfoil with herbicides both last summer and this summer providing the City with only a moment's notice.

The City's existing reservoir does not provide the equalization, emergency, and fire flow storage required by Idaho Department of Environmental Quality (IDEQ). The structural condition of the reservoir is believed to be good; however, the foundation is crumbling. Because this is the only reservoir (supplying drinking water to the entire City), it is impossible to clean adequately on a scheduled basis—an activity that should occur every 36 months. In order to clean, recoat and repaint it, the City has to empty the reservoir, depriving City residents and businesses of fire flow storage for a period of 2-3 weeks. Furthermore, during current peak day demands, the existing reservoir is insufficient to provide the required demand plus the required fire flow at the minimum pressure stated in the IDAPA 58.01.08 Idaho Rules for Public Drinking Water Systems.

Should these improvements not be completed, the City will be prohibited by IDEQ to allow growth until the water source and quality, fire flow, pressure and storage insufficiencies can be resolved. Areas identified as having fire flow deficiencies that go unimproved will be more vulnerable to fire damage. Sections of the system with insufficient pressure are vulnerable to line depressurization during high demand or fire events, which may lead to pipe damage and the potential for water contamination. The Priest River School buildings are in an area with the lowest fire flow.

The JD Lumber mill in Priest River closed on October 3, 2008, which left approximately 200 people in the community unemployed. Additional losses are being felt in construction and related areas such as building suppliers. In October Bonner County broke the 31-month long streak of having a lower unemployment rate than the nation. The forecasted unemployment rate for December 2008 for Bonner County is 7.8%; which is a significant increase from 5.8% in September 2008 and substantially up from just a year ago – 3.3% in October 2007. Considering the City is 52.73% LMI by Census with a 19% poverty rate, the ICDBG is urgently needed to help alleviate the financial burden on low and moderate-income households.

The City has the unique opportunity to receive stimulus funds from the American Recovery & Reinvestment Act through USDA Rural Development in the amount of $2,257,000. This means that the majority of improvements identified in the Water System Master Plan can be completed by using the entire $3,680,000 bond approved by the voters. As a result of the proposed increase in project scope and costs, the City has increased the ICDBG request by $70,830. The City does not have the funds to complete this project without ICDBG assistance. The residents passed a bond issue for this project in May 2008. Matching funds for this project include $5,257,000 USDA Rural Development grant and loan. The City has spent $39,743 in the past year on emergency repairs to the water system, and has increased their commitment to $100,000 from reserves to begin engineering design.

IV. Detailed Cost Analysis

1. Have preliminary plans and specs been submitted to regulatory agencies for review? ☐ Yes ☒ No

   If yes, list date submitted: _____
   If no, list expected date to be submitted: 3/15/09

2. Has final design (for bidding) begun? ☐ Yes ☒ No

   If yes, % complete: _____
   If no, what is expected start date: 4/15/09

3. Will project include bid alternatives to meet project budget if necessary? ☒ Yes ☐ No

4. Are Davis-Bacon wage rates applicable to the project? ☐ Yes ☒ No
   If yes, are they included in the project costs? ☐ Yes ☒ No

5. Have known environmental measures been included in the project costs? (e.g., dust mitigation, archeological survey, storm water drainage, wetland mitigation, etc.) ☒ Yes ☐ No

6. What will expected construction contingency be at final design? 10%

7. List the last date the owner and design professional discussed project design and details: March 2, 2009

8. Design Professional Cost Estimate may be found on page 6.

V. Project Schedule

The project design, bidding and construction is developed considering that there are six major types of construction for this type of project, all which require different contractors and will be bid separately. The schedule for each major project element for the original Phase I as outlined in the November 2008 Application and the additional Phase 2 are identified separately in the following table.

Project Activity	Date (to be) Completed	Documentation in Appendix
Grant Administrator Procured	June 2007	–
Engineer/Architect Procured	October 2008	–
Other Funding Secured	February 2008	–
Permits Identified & Secured	Identified – November 2008 Secured – February 2009	–
Subrecipient Agreement Drafted	N/A	
Environmental Review Complete – Phase 1	ICDBG – November 2008	–
Environmental Review Complete - Phase 1 & 2	ICDBG – May 2009 DEQ/RD – May 2009	
Complete 504 Requirements	Update – August 2009	–
Complete Fair Housing Requirements	Update – August 2009	–
Bids Advertised		
Phase 1:		
Reservoir	July 2009	–
Transmission Line	July 2009	–
Well Improvements	July 2009	–
Phase 2:		
Distribution Improvements	September 2009	–
River Crossing	September 2009	–
Well Improvements (Part 2)	January 2010	–
Start Construction		
Phase 1:		
Reservoir	August 2009	–
Transmission Line	August 2009	–
Well Improvements	August 2009	–
Phase 2:		
Distribution Improvements	April 2010	–
River Crossing	October 2009	–
Well Improvements (Part 2)	April 2010	–
Second Public Hearing	October 2009	–
Certificate of Substantial Completion		–
Reservoir	December 2009	–
Transmission Line	September 2009	–
Well Improvements	March 2010	
Distribution Improvements	June 2010	–
River Crossing	November 2009	–
Well Improvements (Part 2)	September 2010	–
Closeout	December 2010	–

City of Priest River

ENGINEER's OPINION OF PRELIMINARY PROJECT COSTS

Phase 1 and 2 Water System Improvements

Prepared By:	SBC/PFB/NMM/KJO	Date:	February 27, 2009		
Project Manager:	PFB	Date:			
	Description	Unit	Quantity	Unit Price	Total
Phase 1					
New Storage Tank					
	Mobilization	LS	1	$ 80,000	$80,000
	850,000 Gallon Steel Reservoir	Gal	850000	$ 1.16	$986,000
	Site Prep	LS	1	$ 2,500	$2,500
	Access Road	LS	1	$ 2,500	$2,500
	Fencing	LF	400	$ 25	$10,000
	Erosion Control	LS	1	$ 500	$500
	Telemetry Panel	LS	1	$ 25,000	$25,000
	Overflow Structure	LS	1	$ 7,500	$7,500
				Construction Estimate Subtotal	$1,114,000
				10% Contingency =	$111,400
					$1,225,000
Shannan Lane and Upper Zone Transmission Mains					
	Mobilization	LS	1	$ 15,000	$15,000
	Shannon Lane				
	Sanitary Sewer Extension	LS	1	$ 23,000	$23,000
	12" Ductile Iron	LF	100	$ 60	$6,000
	12" C-900	LF	100	$ 30	$3,000
	Trench and Excavation	LF	200	$ 25	$5,000
	Pipe Bedding	LF	200	$ 5.00	$1,000
	12 " Tie In	EA	1	$ 3,500	$3,500
	A-3 Gravel Road Base (6")	CY	60	$ 45	$2,700
	Ballast (18")	CY	180	$ 15	$2,700
	Pavement Restoration	SY	370	$ 25	$9,250
	Check Valve Vault	LS	1	$ 25,000	$25,000
	12" Gate Valves	EA	4	$ 3,000	$12,000
	Upper Zone[1]				
	12" C-900	LF	1350	$ 30	$40,500
	Trench and Excavation	LF	1350	$ 25	$33,750
	Pipe Bedding	LF	1350	$ 5.00	$6,750
	12 " Tie In	EA	2	$ 3,500	$7,000
	A-3 Gravel Surface Restoration	CY	250	$ 45	$11,250
	12" Gate Valves	EA	5	$ 3,000	$15,000
	Fire Hydrant	EA	2	$ 4,000	$8,000
	PRV/Check Valve Station	LS	1	$ 48,000	$48,000
	Huckleberry Avenue Connection				
	12" C-900	LF	100	$ 30	$3,000
	Trench and Excavation	LF	100	$ 25	$2,500
	Pipe Bedding	LF	100	$ 5.00	$500
	12" Tie-in	EA	2	$ 3,500	$7,000
	Rivenes PRV[1]				
	PRV/Check Valve Station	LS	1	$ 48,000	$48,000
				Construction Estimate Subtotal	$339,400
				10% Contingency =	$33,940
					$373,000
Well Field #1[2]					
	Mobilization and Site Controls	LS	1	$ 55,000	$55,000
	Test Well Construction and Testing	LS	1	$ 20,000	$20,000
	Well Drilling (3)	VF	1200	$ 100	$120,000
	3-330 gpm well pump/motor/column	LS	1	$ 100,000	$100,000
	Piping and Appurtenances	LS	1	$ 25,000	$25,000
	Control and Isolation Valves and Fittings	LS	1	$ 40,000	$40,000
	Electrical, Controls, and Telemetry	LS	1	$ 100,000	$100,000
	Well Building	LS	1	$ 80,000	$80,000
	Site Work	LS	1	$ 25,000	$25,000
	Pump to Waste System	LS	1	$ 40,000	$40,000
				Construction Estimate Subtotal	$605,000
				10% Contingency =	$60,500
					$666,000

PROFESSIONAL ENGINEER REGISTERED 11814 STATE OF IDAHO NECIA M. MAIANI

Necia M. Maiani 2/27/09

City of Priest River					
ENGINEER's OPINION OF PRELIMINARY PROJECT COSTS					
Phase 1 and 2 Water System Improvements					
Prepared By:	SBC/PFB/NMM/KJO	Date:	February 27, 2009		
Project Manager:	PFB	Date:			
	Description	Unit	Quantity	Unit Price	Total
Well Transmission Main					
	Mobilization	LS	1	$ 3,000	$3,000
	12" C-900	LF	750	$ 30	$22,500
	Trench and Excavation	LF	750	$ 25	$18,750
	Pipe Bedding	LF	750	$ 5.00	$3,750
	12 " Tie In	EA	1	$ 3,500	$3,500
	A-3 Gravel Surface Restoration	CY	170	$ 50	$8,500
	12" Gate Valve	EA	2	$ 3,000	$6,000
	Fire Hydrant	EA	1	$ 4,000	$4,000
			Construction Estimate Subtotal		$70,000
				10% Contingency =	$7,000
					$77,000
		Subtotal Phase 1 Improvements		$2,341,000	
Phase 2					
Distribution Improvements 7 and 11[2]					
	Mobilization	LS	1	$ 24,000	$24,000
	Traffic Control	LS	1	$ 10,000	$10,000
	12" C-900	LF	4000	$ 30	$120,000
	Trench and Excavation	LF	4000	$ 25	$100,000
	Pipe Bedding	LF	4000	$ 5.00	$20,000
	Tie-Ins	EA	5	$ 3,500	$17,500
	Ballast	CY	1780	$ 15	$26,700
	A-3 Gravel	CY	590	$ 45	$26,550
	Pavement Restoration	SY	3560	$ 25	$89,000
	12" Gate Valve	EA	11	$ 3,000	$33,000
	Fire Hydrant	EA	9	$ 4,000	$36,000
			Construction Estimate Subtotal		$502,750
				10% Contingency =	$50,275
					$553,000
River Crossing					
	Mobilization	LS	1	$ 15,000	$ 15,000
	Excavation Dewatering	LS	1	$ 15,000	$ 15,000
	Site Control/Silt Curtain	LS	1	$ 5,000	$ 5,000
	Traffic Control	LS	1	$ 2,500	$ 2,500
	Clearing and Grubbing	LS	1	$ 5,000	$ 5,000
	Bore	LF	360	$ 700	$ 252,000
	12" HDPE	LF	360	$ 50	$ 18,000
	Special HDPE Fittings	EA	2	$ 2,500	$ 5,000
	Tie Into Existing 10"	EA	2	$ 5,000	$ 10,000
	12" Gate Valves	EA	2	$ 2,000	$ 4,000
	Site Clean-up	LS	1	$ 5,000	$ 5,000
			Construction Estimate Subtotal		$336,500
				10% Contingency =	$33,650
					$370,000
Well Field #2					
	Mobilization and Site Controls	LS	1	$ 50,000	$50,000
	Test Well Construction and Testing	LS	1	$ 20,000	$20,000
	Well Drilling (2)	VF	800	$ 120	$96,000
	2-250 gpm well pump/motor/column	LS	1	$ 75,000	$75,000
	Piping and Appurtenances	LS	1	$ 25,000	$25,000
	Control and Isolation Valves and Fittings	LS	1	$ 40,000	$40,000
	Electrical, Controls, and Telemetry	LS	1	$ 100,000	$100,000
	Well Building	LS	1	$ 80,000	$80,000
	Site Work	LS	1	$ 25,000	$25,000
	Pump to Waste System	LS	1	$ 40,000	$40,000
			Construction Estimate Subtotal		$551,000
				10% Contingency =	$55,100
					$606,000

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Necia Maiani 2/27/09

City of Priest River

ENGINEER's OPINION OF PRELIMINARY PROJECT COSTS

Phase 1 and 2 Water System Improvements

Prepared By:	SBC/PFB/NMM/KJO	Date:	February 27, 2009		
Project Manager:	PFB	Date:			
	Description	Unit	Quantity	Unit Price	Total
Distribution Improvement 1[1]					
	Mobilization	LS	1	$ 16,000	$16,000
	Traffic Control	LS	1	$ 10,000	$10,000
	12" C-900	LF	2500	$ 30	$75,000
	Trench and Excavation	LF	2500	$ 25	$62,500
	Pipe Bedding	LF	2500	$ 5.00	$12,500
	Tie-Ins	EA	2	$ 3,500	$7,000
	Ballast	CY	1110	$ 15	$16,650
	A-3 Gravel	CY	370	$ 45	$16,650
	Pavement Restoration	SY	2220	$ 25	$55,500
	12" Gate Valve	EA	11	$ 3,000	$33,000
	Fire Hydrant	EA	9	$ 4,000	$36,000
				Construction Estimate Subtotal	$340,800
				10% Contingency =	$34,080
					$375,000
	Subtotal Phase 2 Improvements			$1,904,000	
				CONSTRUCTION ESTIMATE TOTAL	$4,245,000
Engineering Services (by City)					
Phase 1 Improvements					
	Study Phase				
	Master Plan Addendum				$8,500
	Environmental Information Document				$14,100
	Design Phase Engineering				
	Topographical Survey				$16,000
	Design Phase Engineering (Reservoir)				$26,500
	Right of Way/Permitting Services				
	Right of Way Acquisition				$5,000
	SWPPP				$15,000
Phase 2 Improvements					
	Environmental Information Document				$14,900
	Subtotal Engineering Services (by City)			$100,000	
Engineering Services (Block Grant-Eligible)					
Phase 1 Improvements					
	Design Phase Engineering				
	Design Phase Engineering (Transmission and Well)				$123,820
	Telemetry (Storage Tank and Well)				$25,000
	Right of Way/Permitting Services				
	Right of Way Certification				$5,000
	Bid Phase Engineering				$19,150
	Construction Phase Engineering				$217,200
	Subtotal Engineering Services Phase 1 (Block Grant Eligible)			$390,170	
Phase 2 Improvements					
	Design Phase Engineering (Improvements 7 and 11 Part 1) 2				$69,830
	Subtotal Engineering Services Phase 2 (Block Grant Eligible)			$69,830	
Engineering Services (Funding by Others)					
	Study Phase 2				
	Master Plan Addendum #2				$10,500
	SWPPP Phase 2				$15,000
	Design Phase Engineering				
	Topographic Survey				$21,000
	Design Phase Engineering (River Crossing, Well, and Distribution 1) 2				$118,050
	Telemetry (Well)				$25,000
	Right of Way/Permitting Services				$7,500
	Bid Phase Engineering (4 Bid Packages)				$19,200
	Construction Phase Engineering				$263,600
	Subtotal Engineering Services (Funding by Others)			$479,850	
				ESTIMATED TOTAL PROJECT COST	$5,284,850

PROFESSIONAL ENGINEER REGISTERED 11814 STATE OF IDAHO NECIA M. MAIANI

2/27/09

Notes:

1. Assumes ground level concrete prestress concrete reservoir with approximately 800 lf of transmission main required to connect to existing line in Shannan Lane. Ground elevation required is 2350.
2. Adapted, based on estimated costs from the October 2007 Water System Master Plan by JUB Engineers.

V. Addendum Checklist Requirements

A. LOCAL AND OTHER MATCH

Provide written evidence of the community's ability to secure the local and other match committed to the project. This must be a letter or contract from the entity providing the match. If the community has passed a bond, provide a commitment letter from the purchasing entity which stipulates the date of purchase and purchase amount.

The citizens of Priest River approved a $3,860,000 bond to complete the improvements. A letter of commitment from USDA Rural Development verifying the amount is located in Appendix A.

B. CLEAR TITLE

Provide documentation of clear title and the value of any property that has been purchased.

The reservoir will be located on property already owned by the City. A copy of the quitclaim deed is in Appendix B.

C. DETERMINATION OF RATES

Provide pro forma or underwriting assessment by the lending agency on how rates were determined for sewer and water system projects. Show the difference in the rate with ICDBG funding and without ICDBG funding. Clearly state whether or not the new rates have already been adopted. If they have not been adopted, include a timeline for implementing them.

The rates were determined through an evaluation of the system expenditures and the existing rates. It was determined that the rates needed to increase by $24.30 per month in order to service the bond. The water rates will not be impacted if the ICDBG funding is not received. However, because the ICDBG is requested to fund engineering and grant administration, if the grant is not received the City will have to reduce the scope of construction improvements by $460,000.

The City of Priest River adopted the rates by Resolution 08-024 on December 15, 2008, and a copy is provided in Appendix C. The letter from USDA Rural Development (Appendix A) states they have reviewed the rate structure and it meets all requirements.

D. DETERMINATION OF LOAN AMOUNT

Provide pro forma or underwriting assessment by the lending agency on how loan amounts were determined for a fire station or infrastructure to housing projects.

This is not applicable to this project.

E. FAIR HOUSING RESOLUTION

Provide documentation that a Fair Housing Resolution has been adopted and publicly advertised before the addendum deadline of March 6, 2009.

The Fair Housing Resolution was adopted on November 17, 2008 and provided in Appendix C of the Full Application. The City published the resolution summary on February 4, 2009 in the Priest River Times. The Affidavit of Publication is located in Appendix D.

F. SCOPE OF WORK CHANGES

Identify in writing any changes to the project's scope of work from the original application.

The November 2008 ICDBG Application proposed Phase 1 improvements to the water system. Although the voters had approved a $3,680,000 bond for the water system improvements, the project had to be broken down into phases due to the lack of available funds from USDA Rural Development (USDA RD).

On January 30, 2009 the City of Priest River was notified by USDA RD of economic stimulus funds available for this project, and if awarded, USDA RD will increase the loan to the full bond amount plus increase the grant by $1,077,000. As a result, with preliminary approval by Idaho Department of Commerce staff, the ICDBG request has been increased by $70,830 to complete the project. The additional funds will eliminate phasing of the water system improvements.

It is expected that award of the full amount by USDA RD will occur within the next 30 days after submission of this addendum. The budget, scope of work and schedule have each been amended assuming receipt of the stimulus funds. If the stimulus funds are not received, the improvements identified in the November 2008 ICDBG Application remain the same.

The City of Priest River proposes to complete water system improvements recommended in the October 2007 Water System Master Plan prepared by J-U-B Engineers and subsequent Addendum prepared by Welch-Comer Engineers in December 2008. The improvements recommended to repair system deficiencies are identified below by funding source:

ICDBG:
It is proposed that the ICDBG fund engineering and certified grant administration services only on this project. Engineering services include design, bidding process, construction administration and closeout. Grant administration includes all activities required to meet the successful completion of the project.

USDA Rural Development:
The following critical improvements will be made to the water system using USDA Rural Development loan and grant funds:

Phase 1 Improvements:

1. *New Groundwater Source* – The purpose of this improvement is to help bring the City's water source(s) into compliance with IDEQ capacity rules and decrease the City's reliance on its Pend Oreille River source during turbid runoff events. The City intends to develop a 1000 gpm well field on one of two potential sites, depending on water quality test results.

   One site is located east of the existing water treatment plant and the other is located just to the east of the City, where a test well was previously drilled. These locations were revised based on test results obtained from the existing test well, as well as consideration of the distance from the well site to the tie in with the existing distribution system.

   Groundwater will be pumped through a new transmission line from the new well field to the City's existing distribution system. Depending on the production capacity of the well field, the City may still need to make future improvements to its surface water treatment plant.

2. *New Water Storage Reservoir* – The new water storage reservoir will provide the City with IDEQ required equalization, emergency, and fire flow water storage and will allow for creation of an upper pressure zone which will improve pressure and fire flow delivery to the northern part of the water system.

   The proposed steel storage reservoir will have a volume of approximately 850,000 gallons and will provide the City with the necessary storage requirements for existing usage as well as satisfy the City's 20 year water system planning horizon. The addition of the second storage tank at a higher elevation will allow an upper pressure zone to be created. Also included is a sewer line extension adjacent to the site to handle the water overflow from the new tank.

   The proposed reservoir site is located near the Industrial Park on the south side of Shannon Lane. This is a different site than originally proposed. This site was selected because it is owned by the City, has easier access from Shannon Lane and is closer to the existing water and sewer utilities. Furthermore, the site will require less site development than the original site would have required.

3. *Upper Zone Transmission Line* –In conjunction with the new storage tank, this improvement will result in the creation of the upper pressure zone that will serve the northern part of the water system. The creation of this upper pressure zone will result in improved pressure and fire flow to this area which previously had inadequate service pressure based on Idaho Drinking Water rules.

A 1,350-foot transmission line (12 inch in diameter) will extend from the existing City pump station and reservoir site to a tie-in point on SH-57. A new Pressure Reducing Valve (PRV) and Check Valve station will be located near the tie-in point on SH-57 to link the new upper pressure zone with the existing system. This improvement will also include the installation of a new PRV and Check Valve station on Rivenes Road and Cemetery Road on the far west side of the water system to provide a second link between the existing and new upper pressure zones.

The new PRV's will allow high pressure water to flow into the low pressure (southern part of the City) area during periods of high demand and/or fire flow conditions on that datum. The check valves will allow low pressure water from the southern part of the City to flow into the upper pressure zone in the event of a fire on the high pressure datum.

It should be noted that this improvement originally would have included 800 lineal feet of waterline along Schultz Avenue. After completing hydraulic modeling and analysis of the system with the addition of these proposed improvements, it was determined that this waterline was unnecessary. Furthermore, it was determined that the southern boundary of the high pressure datum should be moved down 3 blocks to Rivenes Road in order to maintain the required service pressure to this area.

Phase 2 Improvements:

Due to additional grant funding which may be available from USDA, the following proposed high priority improvements have been added to the scope of work for this project, as "Phase 2" improvements.

1. *Improvements 7 and 11 (Montgomery, Wisconsin, 4th)* – These improvements were included within the recommended distribution system improvements in the October 2007 Water System Master Plan. These items are improvements to the water system's "back bone" that will increase flow to the distribution system within the City's "downtown" service area resulting in increased service pressure during peak demands while making available the required fire flow.

   Improvement 7 includes replacement of approximately 1,000 lineal feet of the existing 6-inch main in Montgomery Street with 12-inch water main and approximately 1,700 lineal feet of the existing 8-inch main in Wisconsin with 12-inch water main.

   Improvement 11 includes the replacement of approximately 1,300 lineal feet of existing 4-inch main in 4th Street with 12-inch water main.

2. *Priest River Crossing* – The existing 10-inch main on the Albeni Highway bridge crossing Priest River is the only main that provides water to the east side of the River and is in poor condition. Replacement of the existing 10 inch main will improve system reliability and better assure service is maintained to the customers located on the east side of the River.

   This improvement would include abandonment of the existing 10 inch main that is attached to the bridge and replacing it with a new waterline bored below the River. The new main would be a 12-inch water main approximately 360 lineal feet.

3. *Additional Well or Treatment Plant Capacity* – Depending on the production capacity and quality of water developed from the well field in Phase 1, the City may need to develop an additional groundwater source or upgrade the raw water intake and treatment facilities to increase the system's source capacity as necessary to meet the projected water system demands. Assuming 1,000 gpm is developed in Phase 1 as anticipated, the second well field will be developed with a capacity of 500 gpm.

4. *Improvement 1 (Cemetery Road*) – This improvement was identified as a high priority improvement in the 2007 Water System Master Plan. The purpose of this improvement is to allow for fire flow to be provided to water services located along Cemetery Road. This improvement will also result in increased service pressure to this area during peak demands.

   This improvement includes the replacement of approximately 2,500 lineal feet of existing 4-inch line along the north end of Cemetery Road with 12-inch water main.

Each of the above stated elements requires different types of construction. As a result, this project will require multiple bids and different general contractors. In order to be able to construct all the improvements within the north Idaho construction season, the City is prepared to fund the engineering design of the longest lead item, the water reservoir.

Photos of the Priest River Crossing and an updated project map are in Appendix E.

G. COVER LETTER QUESTIONS

Answer the questions and provide documentation to the questions from the cover letter.

No additional questions were provided in the cover letter from the Idaho Department of Commerce. However, the November 2008 Application identified that a rate analysis conducted by the Rural Community Assistance Corporation would be supplied under separate cover. This rate analysis is included as Appendix F.